

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7190

BILL NUMBER: HB 1624

NOTE PREPARED: Jan 13, 2015

BILL AMENDED:

SUBJECT: Sale of Alcoholic Beverages.

FIRST AUTHOR: Rep. Dermody

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: *Sunday Sales:* This bill provides that a holder of an alcoholic beverage permit who is authorized by law to sell alcoholic beverages for carryout may sell alcoholic beverages for carryout on Sunday from 10 a.m., prevailing local time, until 6 p.m., prevailing local time. The bill allows microbreweries to continue to sell beer and farm wineries to continue to sell wine on Sunday for carry out from 7 a.m., prevailing local time, until 3 a.m., prevailing local time, the following day.

Package Liquor Store Sales: The bill also repeals a provision that limits the commodities that a package liquor store may sell.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Sunday Sales:* The bill could potentially increase enforcement costs of the Alcohol and Tobacco Commission's (ATC) Indiana State Excise Police (ISEP) by allowing additional permittees to sell alcohol for carryout on Sundays. It is estimated that the provisions of this bill can be implemented within the ATC's existing level of resources.

Package Liquor Store Sales: If the ISEP conduct fewer inspections or spend less time on inspections because it is no longer required to enforce the provision that limits commodities package liquor stores may sell, enforcement costs could decrease. However, any impact is likely to be small.

Explanation of State Revenues: *Summary -*

Sunday Sales: The bill is not expected to have a significant impact on revenue from alcoholic beverage taxes

or sales tax. While it is possible that the added convenience and availability of alcohol sales on Sundays would allow consumers to purchase more alcoholic beverages than they would have otherwise, it is assumed that the majority of consumers are able to purchase all the alcoholic beverages they desire to consume within the hours dictated by current law. Rather than increasing sales, it is more likely that allowing carryout alcohol sales on Sundays would cause a shift in sales throughout the week. Recent econometric research estimating the impact of Sunday sales bans on alcohol sales suggests that allowing alcohol sales for carryout on Sundays will not have a significant impact on total alcohol sales or total alcoholic beverage taxes. As a result, it is estimated that the bill would not affect total alcoholic beverage sales or revenue from alcoholic beverage taxes or sales tax.

Package Liquor Store Sales: If the number of violations of alcoholic beverage law decreases, revenue from fines imposed by the ATC could decrease by about \$750 annually. This estimate is based on an average of fines imposed for violations of IC 7.1-3-10-5, according to ISEP's monthly violation reports. Revenue from fines and penalties imposed by the ATC is deposited in the Enforcement and Administration Fund.

Additional Information -

Sunday Sales: Alcoholic beverage taxes are distributed in varying amounts to the following funds: state General Fund, Post War Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, Addiction Services Fund, and Wine Grape Market Development Fund. Fifty percent of the General Fund distribution is set aside for General Fund purposes, and 50% is allocated to cities and towns based on population.

Sales tax revenue is deposited in the state General Fund (98.848%), Motor Vehicle Highway Account (1%), Commuter Rail Service Fund (0.123%), and Industrial Rail Service Fund (0.029%).

Package Liquor Store Sales: The table below shows the total penalty revenue and number of violations of IC 7.1-3-10-5 for FY 2012 through FY 2014. The fine for a violation is usually between \$50 and \$300. Most violations result in a \$150 fine.

	Total Fines Assessed	Number of Violations
FY 2012	\$700	4
FY 2013	\$600	3
FY 2014	\$950	8
Average	\$750	5

Explanation of Local Expenditures:

Explanation of Local Revenues: *Sunday Sales:* The bill is not expected to have a significant impact on revenue from alcoholic beverage taxes or sales tax, so local distributions of each tax are not expected to be impacted.

State Agencies Affected: ATC.

Local Agencies Affected:

Information Sources: Bernheim, B. Douglas; Meer, Jonathan; and Novarro, Neva K. “Do Consumers Exploit Precommitment Opportunities? Evidence from Natural Experiments Involving Liquor Consumption.” (January 2012). Carpenter, Christopher and Eisenberg, Daniel. “Effects of Sunday Sales Restrictions on Overall and Day-Specific Alcohol Consumption: Evidence from Canada.” Journal of Studies on Alcohol and Drugs. Vol. 70, No. 1 (January 2009). Hicks, Michael J; and Thaiprasert, Nalitra. “Package Store Retail Structure and the Regulation of Alcohol Sales.” (November 2010). Stehr, Mark. “The Effect of Sunday Sales Bans and Excise Taxes on Drinking and Cross-Border Shopping for Alcoholic Beverages.” National Tax Journal. Vol. LX, No. 1 (March 2007). ISEP Agreed Dispositions and Pending Violations, Monthly Alcohol Violations, <http://in.gov/atc/isep/2385.htm>.

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